

## Message Text

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44

ACTION EUR-25

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RSC-01 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15

PRS-01 DRC-01 EB-11 AF-10 COME-00 FEA-02 INT-08 OMB-01

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SUBJECT: VISIT OF PRINCE JUAN CARLOS TO SAUDI ARABIA

AND INTERVIEW WITH SPANISH FOREIGN MINISTER

1. PRINCE JUAN CARLOS RECEIVED HIGH-LEVEL RED CARPET TREATMENT DURING FEB 15-17 VISIT TO SAUDI ARABIA. PRESS COVERAGE WAS EXTENSIVE AND FAVORABLE WITH HEAVY EMPHASIS ON HISTORICAL, RACIAL AND CULTURAL LINKS BETWEEN SPAIN AND ARAB WORLD. JUAN CARLOS AND PRINCESS SOFIA RETURNED TO SAUDI ARABIA FEB. 25 FOR A TWO DAY PRIVATE VISIT AT THE INVITATION OF PRINCE FAWWAZ, GOVERNOR OF THE MECCA DISTRICT. (THE EVENING OF FEB 25, THE SPANISH AMBASSADOR GAVE A RECEPTION FOR HIS VISITORS FROM 2000-2100 HOURS; BY 2100 HOURS, HOWEVER, THEY HAD NOT ARRIVED, AND WERE SAID TO BE STILL RESTING AT GUEST PALACE.)

2. A WEEK AFTER THE ORIGINAL VISIT AND ON THE EVE OF HIS SECOND VISIT THE JIDDA DAILY "MEDINA" PUBLISHED AN INTERVIEW WITH JUAN CARLOS AND ONE WITH FOREIGN MINISTER MAURI. FOLLOWING ARE MAJOR POINTS IN MAURI INTERVIEW ALL MADE IN RESPONSE TO QUESTIONS (PRINCE'S REMARKS WERE SHORTER ON SUBSTANCE THOUGH IN SAME VEIN).

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(A) A TOP RANKING SPANISH MISSION HEADED BY THE SPANISH VICE PRESIDENT FOR ECONOMIC AFFAIRS (SIC) WILL SHORTLY VISIT SAUDI ARABIA TO GO INTO PLANS FOR COOPERATION.

(B) SPAIN CAN ASSIST SAUDI ECONOMIC DEVELOPMENT AND INDUSTRIALIZATION IN SUCH SECTORS AS: SHIP BUILDING, CONSTRUCTION OF SHIPYARDS AND DRYDOCKS, MOTOR VEHICLE ASSEMBLY PLANTS, PETROCHEMICALS AND FERTILIZER, STUDIES ON DEVELOPING CULTIVATION IN BARREN AREAS.

(C) SPAIN IS PARTICIPATING NOW MORE CLOSELY IN DEVELOPMENT OF EUROPE BUT THIS EUROPEAN POLICY DOES NOT IMPLY OPPOSITION TO THE UNITED STATES.

(D) PRESENCE OF U.S. ARMED FORCES IN SPAIN CANNOT BE CONFUSED WITH EXISTENCE OF AMERICAN BASES. THE MILITARY INSTALLATIONS ARE SPANISH AND THEIR USE BY THE U.S. IS LIMITED TO EVENTUALITY OF ARMED AGGRESSION AGAINST THE WEST AND IS SUBJECT AT ALL TIMES TO SPANISH GOVERNMENT AUTHORIZATION.

(E) THIS AUTHORIZATION WAS NOT GRANTED LAST OCTOBER WHEN ARMS SUPPLIES WERE TRANSFERRED TO ISRAEL FROM THE U.S. AND AS A RESULT THESE INSTALLATIONS WERE NOT USED, EITHER DIRECTLY OR INDIRECTLY IN THE AIR CORRIDOR ESTABLISHED.

(F) "AS FAR AS THE SAHARA IS CONCERNED, SPAIN IS GUIDED BY THE PRINCIPAL OF SELF DETERMINATION.....WHEN IT SO DESIRES THE POPULATION OF THE SAHARA SHALL FREELY DECIDE ITS FUTURE. SPAIN HAS NO MATERIAL INTERESTS OF ANY KIND THERE....."

(G) CONCERNING OIL SUPPLIES THE SAUDI GOVERNMENT HAS BEEN EXTREMELY FRIENDLY IN ITS TREATMENT OF SPAIN IN THE LAST FEW MONTHS. ANY SHORTAGES HAVE BEEN DUE TO COMMERCIAL INTERMEDIARIES.

(H) FOREIGN EXCHANGE COST OF SPAIN'S CRUDE OIL IMPORTS IN 1973 WAS ONE BILLION DOLLARS. IN 1974 IT WILL BE 3.5 UNCLASSIFIED

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BILLION DOLLARS. AS SPAIN EXPECTS IMPORTS OF \$10 BILLION IN 1974 AND EXPORTS OF ONLY \$5 BILLION, THE IMPACT ON SPANISH ECONOMY OF OIL PRICE RISES IS APPARENT.

(I) SPAIN UNDERSTANDS POLITICAL REASONS FOR MEASURES ADOPTED BY THE ARAB NATIONS BUT HOPES THAT BY INTENSIFYING ITS COOPERATION WITH ARAB COUNTRIES IT MAY REDUCE EFFECTS ON THE SPANISH ECONOMY CAUSED BY RISE IN

OIL PRICES.

(J) GIVEN THE IMPORTANT ROLE OF PRIVATE OIL COMPANIES IN THE EXPLOITATION AND ESPECIALLY TRANSPORT AND TRADE IN CRUDE OIL THE SPANISH GOVERNMENT IS INTERESTED IN ESTABLISHING DIRECT DEALINGS WITH THE STATE COMPANIES OF PRODUCING COUNTRIES. IN THIS REGARD, SPAIN WOULD LIKE TO INCREASE THE NUMBER AND SIZE OF ITS DIRECT CONTACTS WITH PETROMIN (SAUDI GOVERNMENT COMPANY) AS IT HAS WITH THE STATE ENTERPRISES OF OTHER OIL PRODUCING COUNTRIES.

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